

Monterey Fire Protection District No. 1

Concordia Parish, Louisiana
(A Component Unit of the
Concordia Parish Police Jury)
Monterey, Louisiana

Financial Statements
(Unaudited)

As of December 31, 2012
And for the Year then Ended

Monterey Fire Protection District No. 1
Concordia Parish, Louisiana
(A Component Unit of the
Concordia Parish Police Jury)
Monterey, Louisiana

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Section I

Required Supplemental Information Management's Discussion and Analysis (MD&A)

MONTEREY FIRE PROTECTION DISTRICT NO. 1
(A Component Unit of the Concordia Parish Police Jury)
MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2012

INTRODUCTION

The discussion and analysis (MD&A) of the Monterey Fire Protection District No. 1's (the district) financial performance provides an overall narrative review of the District's financial activities for the year ended December 31, 2012 and 2011. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The Monterey Fire Protection District No. 1's main office is located in Monterey, Louisiana in Concordia Parish. The District provides fire protection services to approximately 2,000 customers and is a component unit of the Concordia Parish Police Jury

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$273,310 and \$244,272 at December 31, 2012 and 2011.
- Total revenues exceeded expenditures by \$29,038 in 2012 and expenditures exceeded revenues by \$68,404 for 2011.
- The District had net capital assets of \$373,979 and \$354,188 at December 31, 2012 and 2011.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Monterey Fire Protection District No. 1's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2012

The basic governmental fund financial statements can be found on pages 9-12 of this report

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 13-17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets for the period ending December 31, 2012 and 2011

The following is a summary of the net assets of the district's net assets as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash	\$ 1,197	\$ 7,344
Accounts receivable, taxes	70,368	62,772
Accounts receivable, grants		5,108
Capital assets, net	<u>373,979</u>	<u>354,188</u>
Total Assets	<u>445,544</u>	<u>429,412</u>
Accrued liabilities	2,874	3,680
Current portion - loans payable	49,112	113,923
Long-term portion - loans payable	<u>120,248</u>	<u>67,537</u>
Total Liabilities	<u>172,234</u>	<u>185,140</u>
Net Assets		
Investment in capital assets, net of related debt	204,619	172,728
Unrestricted	<u>68,691</u>	<u>71,544</u>
Total Net Assets	<u>\$ 273,310</u>	<u>\$ 244,272</u>

The largest portion of the District's net assets (\$204,619 or 75%) is its investment in capital assets such as equipment less related debt expended in the acquisition of those assets.

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MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2012

The remaining balance of the net assets (\$68,691 or 25%) may be used to pay current operating expenses.

The District has long-term debt of \$169,360 which was used to finance additions to firefighting equipment. More information concerning this debt may be found on pages 15-16 of the notes to the financial statements. Total liabilities of \$172,234 are equal to 39% of the total assets of the District.

The following is a summary of the statement of activities for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
General Revenues		
Taxes - ad valorem	\$ 78,166	\$ 52,448
Federal grants	50,860	5,108
Interest income	38	30
Other revenue	<u>11,841</u>	<u>12,700</u>
Total General Revenues	<u>140,905</u>	<u>70,286</u>
 General Expenses		
Governmental activities - public safety		
Personnel services	9,600	9,885
Operating expenses	90,932	121,565
Interest expense	<u>11,335</u>	<u>7,240</u>
Total expenses	<u>111,867</u>	<u>138,690</u>
 Increase in net assets	29,038	(68,404)
 Net assets, beginning of year	<u>244,272</u>	<u>312,676</u>
Net assets, end of year	<u><u>\$ 273,310</u></u>	<u><u>\$ 244,272</u></u>

CAPITAL ASSETS AND DEBT

As of December 31, 2012, the District had \$652,239 invested in capital assets net of accumulated depreciation of \$278,260. During the year expenditures of \$69,012 were made to acquire capital assets.

As of December 31, 2012, the District had outstanding long-term debt of \$169,360.

MONTEREY FIRE PROTECTION DISTRICT NO. 1
(A Component Unit of the Concordia Parish Police Jury)
MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2012

During the year the District purchased the following capital assets.

Used Kenworth Truck	\$12,500	
Handheld and dash mount radios	<u>56,512</u>	(Paid with 90% grant funds)
Total assets added	<u>\$69,012</u>	

MANAGEMENT COMMENT

The Fire District had a really good year in 2012. We were able to get our parcel fee passed and to date we have collected approximately \$30,000.00 of the anticipated \$70,000.00. This money will go toward retiring debt and upgrading our equipment. We have obtained a class 5 fire insurance rating which is very good for a department our size. Maintaining a low fire rating is expensive and has its pitfalls. For example, we have to pump test every truck once a year for our rating. This year we blew an engine in one of our fire trucks during the pump test. The truck was 42 years old and is not worth repairing so we are in the market for a replacement truck.

We plan to apply for all grants that we may qualify for and this year we are putting a lot of time and effort into recruiting and training young people for the fire department. We will be re-rated this year and we do not expect any problems maintaining our class 5 rating. Once this re-rating occurs we will keep this class 5 for a minimum of five years.

We continue to be excited and very proud of our fire department and should there be any questions about our progress or future plans please contact me at (601) 334-1013.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Jim Graves, Secretary/Treasurer at (601) 304-5350.

Section II

Affidavit

Monterey Fire Protection District No. 1
Concordia Parish, Louisiana
Monterey, Louisiana

ANNUAL SWORN FINANCIAL STATEMENTS

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jim Graves, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Monterey Fire Protection District No. 1 as of December 31, 2012, and the results of operations for the year ended, in accordance with the basis of accounting described within the accompanying financial statements.



Signature

Sworn to and subscribed before me, this 20 day of June, 2013.


NOTARY PUBLIC

Officer: Secretary/Treasurer
Address: P O Box 335
Monterey, LA 71354
Telephone Number: (601)304-5350

JULIE L. COLE
NOTARY PUBLIC
STATE OF LOUISIANA
PARISH OF CONCORDIA
30907

Section III

Basic Financial Statements

JERI SUE TOSSPON, CPA, LLC

Certified Public Accountant
P O Box 445
Ferriday, Louisiana 71334-0445
(318)757-9393 Fax (318)757-9300
jtosspn@bellsouth.net

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Monterey Fire Protection District No. 1

I have compiled the accompanying financial statements of the governmental activities of the Monterey Fire Protection District No. 1 (the District) as of and for the year ended December 31, 2012, which comprise the District's basic financial statements as listed in the table of contents. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

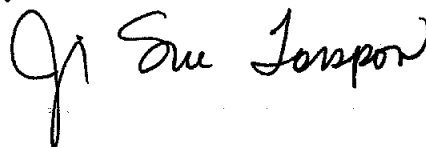
The management of the Monterey Fire Protection District No. 1 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis, on pages 2 – 4 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have compiled the supplemental information from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

I am not independent with regard to the Monterey Fire Protection District No. 1.

June 21, 2013



Monterey Fire Protection District No. 1
Monterey, Louisiana
Statement of Net Assets
December 31, 2012

ASSETS

Cash	\$ 1,197
Accounts receivable, taxes	70,368
Capital assets, net	<u>373,979</u>
 Total Assets	 <u><u>\$ 445,544</u></u>

LIABILITIES

Accrued liabilities	\$ 2,874
Current portion – loans payable	49,112
Long-term portion – loans payable	<u>120,248</u>
 Total Liabilities	 <u><u>\$ 172,234</u></u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 204,619
Unrestricted	<u>68,691</u>
 Total Net Assets	 <u><u>\$ 273,310</u></u>

See accountant's compilation report and notes to the financial statements.

Monterey Fire Protection District No. 1
Monterey, Louisiana
Statement of Activities
Year ended December 31, 2012

GENERAL REVENUES

Taxes

Ad valorem taxes	\$ 78,166
Grants – federal	50,860
Interest income	38
Other revenue	<u>11,841</u>

Total general revenues \$ 140,905

GENERAL EXPENSES

Governmental activities – public safety

Personnel services	\$ 9,600
Operating services	41,711
Depreciation	49,221
Interest expense	<u>11,335</u>

Total general expenses \$ 111,867

Changes in net assets \$ 29,038

Net assets – beginning of year 244,272

Net assets – end of year \$ 273,310

See accountant's compilation report and notes to the financial statements.

Monterey Fire Protection District No. 1
Monterey, Louisiana
Balance Sheet
December 31, 2012

ASSETS

Cash	\$ 1,197
Accounts receivable, taxes	<u>70,368</u>
Total assets	<u>\$ 71,565</u>

LIABILITIES AND FUND BALANCE

Accrued liabilities	<u>\$ 2,874</u>
Total liabilities	<u>\$ 2,874</u>
Fund balance – unreserved	<u>\$ 68,691</u>
Total fund balance	<u>\$ 68,691</u>
Total liabilities and fund balance	<u>\$ 71,565</u>

See accountant's report and notes to the financial statements.

Monterey Fire Protection District No. 1
Monterey, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
December 31, 2012

Fund balances, total governmental funds	\$ 68,691
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Amounts reported for governmental activities in the statement of net assets are different because:

Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Cost of capital assets	\$ 652,239	
Less accumulated depreciation	<u>278,260</u>	373,979

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term liabilities	<u>(169,360)</u>
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Net assets of governmental activities	<u>\$ 273,310</u>
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See accountant's compilation report and notes to the financial statement.

Monterey Fire Protection District No. 1
 Monterey, Louisiana
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year ended December 31, 2012

REVENUES

Taxes

Ad valorem taxes	\$ 78,166
Grants, federal	50,860
Interest income	38
Other revenue	11,841
Note proceeds	<u>16,520</u>

Total general revenues	<u>\$ 157,425</u>
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EXPENDITURES

Public safety – fire

Personnel services	\$ 9,600
Operating services	<u>41,711</u>

Total public safety – fire	<u>\$ 51,311</u>
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Capital outlays	<u>\$ 69,012</u>
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Debt service

Principal retirement	\$ 28,620
Interest expense	<u>11,335</u>

Total debt service	<u>\$ 39,955</u>
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Total expenditures	<u>\$ 160,278</u>
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Net change in fund balances (deficit)	(\$ 2,853)
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Fund balance, beginning of year	<u>71,544</u>
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Fund balance, end of year	<u><u>\$ 68,691</u></u>
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See accountant's compilation report and notes to the financial statements.

Monterey Fire Protection District No. 1
Monterey, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year ended December 31, 2012

Net changes in fund balance, total governmental funds	(\$ 2,853)
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Amounts reported for governmental activities in the statement are different because:

Governmental funds report capital outlays as expenditures

Donated assets are not recorded in governmental funds.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay, which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	69,012
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Less current year depreciation	(49,221)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that additions to debt of \$16,520 is less than debt repayments of \$28,620

<u>12,100</u>

Change in net assets per statement of activities	<u>\$ 29,038</u>
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See accountant's compilation report and notes to the financial statements.

Monterey Fire Protection District No. 1

Monterey, Louisiana

Notes to the Financial Statements

December 31, 2012

INTRODUCTION

1. The Concordia Parish Police Jury created the Monterey Fire Protection District No. 1 of Concordia Parish, Louisiana by ordinance. The District operates in compliance with Part II, Title 40:1492-1502 of the Louisiana Revised Statutes.
2. The purpose of the District is to provide fire protection.
3. The District's boundaries are outside of the corporate limits of any municipality in Concordia Parish and outside the Concordia Fire Protection District No. 1. Concordia Parish is located in East Central Louisiana.
4. A Board of Supervisors appointed by the Concordia Parish Police jury governs the District. The board consists of five members and is presently serving without compensation.
5. The District had no full-time employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Monterey Fire Protection District No. 1 of Concordia Parish, Louisiana (hereafter referred to as the District).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include taxes, interest, and other items that are restricted to meeting the operational or capital requirements of a particular function or segment.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying general purpose financial statements have been prepared on the accrual basis (GAAP) of accounting.

1. Revenues

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

2. Expenditures

Purchase of equipment and supplies are recorded when the related fund liability is incurred.

The district reports the following governmental fund:

1. General Fund – the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in the other months.

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

E. Receivables

All tax receivables are shown net of allowance for doubtful accounts.

F. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30 years
Fire Equipment	10 years

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. Budget practices

A proposed operating budget is planned to be prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners, and is adopted in accordance with the Local Government Budget Law. The proposed operating budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

During 2012, the District did not adopt a budget as planned.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2012, the District has cash and cash equivalents (book balances) totaling \$1,197. The cash was held in interest-bearing demand deposit accounts.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

NOTE 3 – RECEIVABLES

The receivables of \$70,368 at December 31, 2012, are as follows:

Ad valorem	\$70,368
Less allowance for doubtful accounts	<u>-</u>
 Total receivables	 <u>\$70,368</u>

NOTE 4 – CAPITAL ASSETS

Capital assets and depreciation activities as of and for the year ended December 31, 2012, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Buildings	\$ 109,000	\$ -	\$ -	\$ 109,000
Equipment	<u>474,227</u>	<u>69,012</u>	<u>-</u>	<u>543,239</u>
Total capital assets being depreciated	<u>\$ 583,227</u>	<u>\$ 69,012</u>	<u>\$ -</u>	<u>\$ 652,239</u>
Less accumulated depreciation for:				
Buildings	\$ (42,300)	\$ (2,900)	\$ -	\$ (45,200)
Equipment	<u>(186,739)</u>	<u>(46,321)</u>	<u>-</u>	<u>(233,060)</u>
Total accumulated depreciation	<u>\$ (229,039)</u>	<u>\$ (49,221)</u>	<u>\$ -</u>	<u>\$ (278,260)</u>
Total capital assets	<u>\$ 354,188</u>	<u>\$ 19,791</u>	<u>\$ -</u>	<u>\$ 373,979</u>

Depreciation expense of \$49,221 for the year ended December 31, 2012, was charged to the public safety functions.

NOTE 5 – LONG-TERM DEBT

At December 31, 2012, long-term debt was comprised of the following:

Note payable due in one annual installment on March 25, 2013 interest at 5%	\$ 13,705
\$111,000 – 2007 certificates of indebtedness due in annual installments of \$10,000 to \$22,000 beginning March 1, 2008 through March 1, 2014, interest at 5%	43,000
Note payable due in annual installment of \$4,300 beginning March 8, 2013, interest at 5%	17,677
Note payables due in annual installments of \$15,700 beginning March 8, 2013, interest at 5%	<u>94,978</u>
	<u>\$169,360</u>

The following is a summary of the long-term debt transactions for the year ended December 31, 2011:

Long-term debt, beginning of year	\$ 181,460
Debt issued during the year	16,520
Debt retired during the year	<u>(28,620)</u>
Balance at end of year	<u>\$169,360</u>

The maturity schedule for the debt is as follows:

2012	\$ 49,112
2013	37,028
2014	15,780
2015	16,569
Thereafter	<u>50,871</u>
Total	<u>\$169,360</u>

NOTE 6 – TAXES

The District is authorized to levy a maximum tax of 9.590 mills annually on property within the boundaries of the District for maintenance and operation of the District. The District levied 9.590 mills.

NOTE 7 – PENSION PLANS

The District has no employees that would require participation in a retirement system.

NOTE 8 – LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2012, nor is aware of any unasserted claims.